Internal Audit Report

Correctional Health Services
January 2004

Lower Buckeye Jail

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Andrew Kunasek, Chairman, Board of Supervisors
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Mary Rose Wilcox, Supervisor, District V

We have completed our FY 2003-04 review of Correctional Health Services (CHS). This audit was performed in accordance with the annual audit plan approved by the Board of Supervisors. The specific areas reviewed were selected through a formal risk-assessment process.

Highlights of this report include the following:

- CHS administers the contract for temporary workers effectively, however, excessive use of manual time system entries has lead to some over-billings

- Physical security over non-controlled substances should be improved

- Two of five MfR performance measures tested were inaccurate

Within this report you will find an executive summary, specific information on the areas reviewed, and Correctional Health Services' response to our recommendations. We have reviewed this information with the Director and appreciate the excellent cooperation provided by management and staff. If you have any questions, or wish to discuss the information presented in this report, please contact Joe Seratte at 506-6092.

Sincerely,

Ross L. Tate
County Auditor

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CHS Pharmacy (Page 11)

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The five key CHS performance measures tested received less than satisfactory ratings. Data was unavailable for review for three measures, and two measures were reported inaccurately. Without accurate and available performance measure data, a department cannot determine if it is meeting its objectives. CHS should develop written procedures for collecting, reporting, and validating key performance measures.

General Technology Controls (Page 16)

CHS Information Technology (IT) controls over the Correctional Instructional Pharmacy System (CIPS) application appear to be adequate overall. However, some specific controls do not fully protect system and data from unauthorized changes or destruction. These areas include system level passwords, formal procedures for establishing and removing user accounts, and the development of a formal Business Continuity Plan. CHS should strengthen controls over these IT areas.

Introduction

Background

Maricopa County Correctional Health Services (CHS) provides health care services for persons detained in the Sheriff's Office (MCSO) jail system and the Juvenile Court Detention system. CHS was established as a separate County department in 1992 after previously operating as a division of the Department of Public Health, and later the Maricopa Integrated Health System (MIHS). CHS facilities are licensed by the Arizona Department of Health Services and are accredited through the National Commission on Correctional Health Care (NCCHC). Services provided include:

- Medical, Dental, Psychiatric, and Nursing Care

- X-ray and Pharmaceuticals

- Infirmary, Specialty Clinics, and Outside Specialty Referral

- Health Promotion and Education

- Medical Records Management

The County Board of Supervisors has sole and exclusive authority to provide for the hospitalization and medical care of indigent persons under the supervision of a County corrections agency, to the extent such expenses are not covered by a third party payer. Third party payer does not include the Arizona Health Care Cost Containment System (AHCCCS) or the Arizona Long Term Care System (ALTCS).

CHS maintains a staff of over 200 health care professionals and contracts with physicians and nursing agencies to provide the required level of care. The following statutes, acts, court cases, and administrative orders dictate the County's responsibilities to provide health care to incarcerated persons:

- The Civil Rights of Institutionalized Persons Act (CRIPA), 42 USC§1997a et. Seq.

- Rulings for court cases Hart v. Hill and Arnold v. Sarn, which mandate services to specified inmate populations

- CHS 12/7/99 settlement with the Department of Justice in which CHS agreed to hire additional mental health staff and improve many aspects of patient care and monitoring

- Maricopa County Superior Court, case # CV2001-004963 filed 4/14/2001, directing CHS to draw blood for a syphilis serology test on any person arrested for prostitution

- Maricopa County Superior Court administrative order 98-027, requiring CHS to perform a comprehensive health assessment of all incarcerated juveniles at the earliest opportunity

CHS is primarily funded through jail tax funds and the County General Fund, but also receives small grants from the state for specific programs. CHS began a telemedicine program in 2002 in cooperation with the Arizona Telemedicine program and was awarded a $948,000 grant from the United States Department of Health and Human Services for implementation.
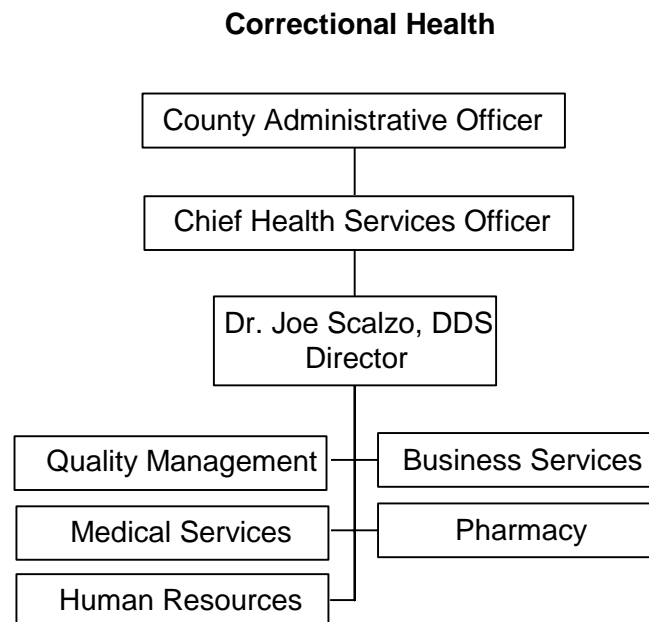
Mission, Goals, and Performance Measures

The mission of CHS is to provide medically necessary health care to persons in County correctional facilities in order to protect the health and safety of the community. To help achieve its mission, CHS has developed the following goals for FY 2004. CHS will:

- Redesign its work force and improve employee moral by maintaining a 95 percent filled rate of budgeted positions, on the average, per month and by retaining 88 percent of all new hires for at least six months from the date of their hire

- Annually achieve and maintain a community standard of care in a correctional setting, as defined by the National Commission on Correctional Health Care (NCCHC)

- Achieve efficiencies by demonstrating enhanced accountability for resources through the implementation of an automated information system and an Electronic Health Records System in the new Lower Buckeye Jail

- Protect the community's health and safety by providing leadership to establish continuity of care for inmates who are seriously mentally ill, have communicable diseases, or are pregnant as they are released from jail

- Control costs of specialty health care services and hospitalizations through the use of effective utilization management guidelines and resource allocation practices

CHS had 265 budgeted positions for FY 2003. However, CHS has had difficulty attracting and retaining qualified personnel, and as a result, CHS has relied heavily on contracted medical personnel. The director of CHS reports to the County Health Services Officer. The organization of CHS is depicted below.

Organizational Structure

Correctional Health

County Administrative Officer

Chief Health Services Officer

Dr. Joe Scalzo, DDS
Director

Quality Management — Business Services

Medical Services — Pharmacy

Human Resources

Operating Budget

Expenses: CHS operates primarily as a special revenue fund. There is also a small amount of funding through the General Fund. The CHS operating budget has increased steadily over the past three years as the jail population has grown. In addition, the costs of prescription drugs and qualified personnel have increased dramatically.

Revenue: CHS has been awarded a federal grant from The United States Department of Health and Human Services of $948,000. This grant is for the implementation of a comprehensive Telemedicine Program in the Maricopa County jail system. This jail telemedicine system will enable the integration of the Maricopa Medical Center and the Arizona Telemedicine Network. This program is affiliated with the University of Arizona Medical School.

Program Operations

Quality Management: Quality Management provides the CHS Director with reports relating to Infection Control, Continuous Quality Improvement, Risk Management, Medical Records, and Utilization Management. CHS employs a full-time quality improvement coordinator responsible for the above activities.

Business Services: The Business Services area of CHS encompasses financial activities, grants, contracts, staffing, nurse registry coordination, productivity statistics, and Human Resources.

Time Tracking System: CHS developed and implemented an in-house system to track registry staff work hours. The system prompts the registry staff to sign in on the computer at the beginning of their shift and records the time of the sign in. The database also contains a profile registry of all training and health related information of registry staff.

An Inmate "Pod" at the New Fourth Avenue Jail

Pre-Authorizations & Payment Processing: The Health Care Mandates Department (HCM) is responsible for processing and paying inmate bills generated by the provision of health services from an outside agency. CHS pre-authorizes the health service and notifies HCM. A pre-authorization from CHS implies that the County will pay for the medical services of the inmate. Claim payments are charged to the HCM budget.

Temporary Medical Services: (Nurse Registry) Coordination: OMB reports that CHS uses registry nurses so extensively that it effectively fills all vacant positions and adds an additional 16 FTEs. Vendors under contract are held to performance standards and monitored by the CHS Contract Manager. Information is compiled and maintained regarding no-shows, no-calls, and performance appraisals. CHS staff uses the compiled information to communicate service satisfaction to vendors.

Medical Services: Medical Services provides medically necessary health care to persons in County correctional facilities in order to protect the health and safety of the community. Medical Services includes medical, dental, and mental health services.

Infirmary Services: Infirmary Services (23 bed Infirmary) provides intermediate non-acute inpatient care and is currently located at the Madison Street Jail. Outpatient clinical services are provided at all jail sites (Madison, First Avenue, Estrella/Tents, Durango, and Towers). Clinic operation is generally Monday through Friday with nursing services available 24 hours per day. Nursing Services are provided weekly at two satellite jails (Avondale and Mesa). Non-emergency acute care cases from all facilities are referred to Maricopa Medical Center; inmate emergencies are transported via ambulance to the nearest hospital.

Dental Services: The Dental Services Program provides inmates with necessary emergency dental care. Currently CHS employs one dentist and contracts with another to provide dental services. Non-restorative dental services are provided at Estrella and Madison Street jails. Specialty dental services (e. g. fracture of the jaw) are referred out as needed.

The New Fourth Avenue Jail Includes State-of-the–Art Dental Facilities

Mental Health Services: Mental Health Services—also referred to as Psychiatric Services—identifies and treats persons in County correctional facilities that request or need mental health services. CHS operates two separate 60-bed inpatient psychiatric units staffed by psychiatrists, psychologists, psychiatric nurses, and counselors. Outpatient psychiatric services are provided at all jail facilities, including central intake, with emphasis on suicide prevention, seriously mentally ill identification, and follow-up activities.

Pharmacy: The purpose of pharmacy operations is to provide medications and medication usage expertise to persons and health care providers in County correctional facilities.

Physical Location: The current pharmacy is located in the Facilities Management building at 401 W. Jefferson. In the future, the Lower Buckeye Jail (LBJ) will have a 3,000 square foot pharmacy.   A smaller pharmacy at the 4th Avenue jail will be used for serving needs at the intake area.

CIPS IT Program: The Correctional Institution Pharmacy System (CIPS) program is used to enter orders and document prescriptions. The pharmacist enters the doctor's order into CIPS. Allergies and potential drug interactions are entered into the system, based on health information provided by the inmate to health care professionals.

Employee Labor Pool: CHS maintains a pool of health care professionals that may or may not work for another company. Employees in the pool are paid a straight hourly wage when they work for CHS, however pool employees do not receive the benefits received by regular employees (i.e., PTO, Holiday Pay, Health Insurance, etc.). They are covered under Workers Compensation for liability and accidents.   The pool is used as an alternative to the nurse registry where hourly costs are significantly higher for the same level of staff experience.

Scope and Methodology

The objectives of this audit were to determine if:

- CHS has been billed accurately for health care staff utilized through the Temporary Medical Services Contract

- CHS key performance measure data is accurate, reliable, and valid so that adequate planning and budgeting decisions can be made

- Pharmacy processes for medication disposal, returns to inventory, and expiration are adequately controlled

- The in-house time tracking system has adequate controls in place to prevent staff from changing hours worked, pay rates, or health profile information

This audit was performed in accordance with generally accepted government auditing standards.

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Department Reported Accomplishments

Correctional Health Services has provided the following information for inclusion in this report.

Increase the inmate co-pay to $10:

Approval was given, by the legislature, to increase the inmate charge for health care services from $3 per self-initiated visit to $10 for each health visit. In addition, approval was granted to increase the charge for each prescription from $3 to $10. This increase should result in a decrease in the demand for unnecessary medical treatment and should help to offset some of the rising costs of health care.

Telemedicine grant:

Correctional Health Services was awarded a Congressionally Mandated Federal grant in the amount of $948,000 for implementation of a telemedicine program. A requirement of the grant was that CHS become associated with the Arizona Telemedicine Network. Some equipment has been ordered and received. Dr. Bray, Director of Mental Health, has provided psychiatric services to the juvenile population using telemedicine. Plans are underway to install telemedicine equipment in the Avondale and Mesa booking stations so that CHS can provide pre-booking screenings at these stations.

Return to Competency Program:

Correctional Health Services has implemented, as a pilot project, the return to competency process. This program was up and operational within two months of the Board of Supervisors' approval. As of this date, 14 cases have been processed. It is anticipated that this program will save the county $25 million over a five-year period.

Issue 1 Contract Administration

Summary

Our review of the contract for temporary personnel services found that CHS administers the contract effectively. However, excessive use of manual time system entries has lead to some over-billings. CHS should monitor and limit the number of exemption forms that may be completed by registry staff.

Circumventing the System

Twenty-four percent (24 %) of registry staff circumvented the system by completing manual timekeeping forms during FY 2003. The most common reasons used for not signing onto the system is computer downtime, and not following proper procedures. The amount of manual entries appears to be excessive.

Overpayments Found

We performed a review of approximately 1,500 valid manual time entries for FY 2003 and found four errors. One registry staff member was paid for 62 hours over a four-day period (23.5 hours were recorded as worked for one day). We also found three instances of registry staff being paid twice for the same shift ($611 overpayment).   Our test sample compared only manual entries to other manual entries. The overrides could have a much greater effect if automated time entries are also duplicated.

Use of Contract Labor

The demand for healthcare workers has resulted in CHS staff vacancies. CHS relies on temporary personnel to supplement their employee workforce and provide healthcare services to inmates. Contract labor is expensive, relative to employee wages, and the use of contract labor increases total personnel costs. In FY 2003, CHS payments to temporary personnel vendors totaled over $1 million. Providing fiscally responsible services to citizens requires that significant contracts, and contract expenditures, be managed effectively. We tested the CHS temporary personnel contract to ensure:

- Temporary personnel were paid only for hours worked
- Temporary personnel were paid according to rates stated in the contract
- Use of temporary services were limited as much as feasible

Time Tracking System Controls Adequate

We found that, in general, the CHS time tracking system had adequate controls. The exception we found relates to manual entries into the system. CHS uses an automated, PC-based time keeping system that requires temporary workers to sign in (clock in) and sign out (clock out) at the beginning and end of their shift. The process helps ensure workers are on-site during their shifts. A CHS supervisor reviews and approves time reports generated by the system. The reports are sent to contract vendors with payment for services.

This "reverse invoicing" process was initiated by CHS because of a high frequency of billing errors found on invoices generated by the vendors. CHS management indicates that the reverse invoice process not only results in substantially fewer errors, but is much less labor intensive and saves County dollars through reduced administration.

Our analysis of registry and pool personnel usage indicates that the payment system has adequate controls, and payments for registry and pool personnel usage were made according to contract guidelines. CHS management is aware of the higher cost of using registry resources, and has decreased the use of registry and pool personnel from FY 2002 to FY 2003. The majority of hourly rates paid agreed to the contract rates, with one exception, leading to $245 in overpayments. Time tracking controls need to be improved to ensure that registry staff does not complete an excessive number of manual exemption forms.

Recommendation

CHS should:

A. Continue to investigate and propose ways to retain needed employee staff.

B. Identify ways to reduce the number of manual time entries.

C. Review registry payments made during FY 2003 for duplicate payments. Contact Registry vendors and recover overpayments, as appropriate.

Issue 2 CHS Pharmacy

Summary

The CHS Pharmacy does not maintain effective physical security and record-keeping controls over non-controlled substances. Process weaknesses include a lack of periodic physical inventory reconciliations, insufficient controls over return-to-inventory items, and lack of documentation over destroyed drugs. The CHS Pharmacy should strengthen inventory controls over non-controlled substances.

ARS Requirements and Best Practices

Arizona Administrative Code (R4-23-658) defines the responsibility for safe and efficient procurement, dispensing, distribution, administration, and control of drugs. Good internal controls and business practices dictate that the CHS Pharmacy must maintain accurate and complete inventory records.

Review Results

The CHS pharmacy does not maintain a perpetual inventory system for non-controlled substances. Physical inventory counts are performed annually at fiscal year-end for inclusion in the County's Comprehensive Annual Financial Report (CAFR). During the year, inventory carrying amounts are not tracked or compared to physical inventory counts to ensure all inventories is accounted for.

Expired pharmaceuticals, returned to the manufacturer for credit, are not tracked as a component of inventory. In addition, not all non-controlled substances that are destroyed are documented.

During our walk through, we observed a large box of non-controlled substances on the floor at the pharmacy. These drugs, which should be returned to inventory, represent a control risk, because the CIPS system shows the prescription order as filled, but the drugs are actually at the pharmacy. Because the return to inventory backlog is not tracked, it raises the risk that the drugs could be diverted without detection.

Physical control over controlled substances is adequate; physical controls over other pharmaceuticals should be improved

During FY 2003 the pharmacy disposed of approximately $67,500 in non-controlled substances and received $34,154 in credits for expired drugs. The entire non-controlled substances inventory exceeds $2 million.

Recommendation

CHS should:

A. Establish a perpetual inventory system for tracking non-controlled substances at the pharmacy and the clinics, including drugs that are expired, destroyed, and returned to inventory.

B. Consider implementing the inventory-tracking module within the current CIPS system or other similar inventory tracking system.

C. Consider alternatives to packaging seven-day drug supplies to reduce the number of drugs that need to be destroyed or returned to inventory.

Issue 3 Performance Measure Certification

Summary

The five key CHS performance measures tested received less than satisfactory ratings. Data was unavailable for review for three measures, and two measures were reported inaccurately. Without accurate and available performance measure data, a department cannot determine if it is meeting its objectives. CHS should develop written procedures for the collecting, reporting, and validating key performance measures.

Cause

Performance measures were not available or accurate because there are no written procedures or validating controls for collecting, calculating, and reporting key performance measures.

Effect

Certification ratings of "Inaccurate" or "Factors Prevented Certification" may call into question the reliability of reported key performance measures. Additionally, the accuracy of these numbers may impact the final rating given to CHS by its accreditation authority (NCCHC).

CORRECTIONAL HEALTH SERVICES Performance Measures Summary Table	Certified	Certified with Qualifications	Factors Prevented Certification	Inaccurate	Not Applicable
1. Percent of inmates receiving an initial assessment by a dentist				✔	
2. Percent of inmates who have a duplicate health record				✔	
3. Percent of complete history & recommended physical exams completed within 14 days			✔		
4. Percent of classified inmates who have had Continuity of Care events			✔		
5. Percent of inmates receiving ordered medications to minimize patients' adverse health consequences			✔		

Key Measure #1: Percent of inmates receiving an initial dental assessment by a dentist

Results: Inaccurate

Available data does not support the percentages reported. The CHS individual responsible for reporting the measure recently left County employment. Written procedures exist, however, when the procedures were applied to available data the results did not fall within the acceptable range.

Measure # 1	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Annual
Reported	9.4 %	9.9 %	9.0 %	8.7 %	9.3 %
Actual	5.2 %	5.8 %	10.1 %	31.2 %	13.0 %

Key Measure #2: Percentage of inmates who have a duplicate health record

Results: Inaccurate

Data does not support the percentages reported. The CHS individual responsible for reporting the measure recently left County employment. No written procedures exist to ensure accuracy and reliability of measure.

Measure # 2	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Annual
Reported	35.9 %	27.3 %	25.2 %	23.7 %	26.8 %
Actual	42.7 %	30.3 %	42.2 %	44.0 %	39.8 %

Key Measure #3: Percentage of complete history & recommended physical exams completed by nurses and providers within 14 days

Results: Factors Prevented Certification

Data to support the reported data was unavailable. Individual responsible for reporting the measure left County employment. No written procedures exist to ensure accuracy and reliability of measure.

Measure # 3	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Annual
Reported	42.5%	36.8%	35.7%	32.7%	36.9%
Actual	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN

Key Measure #4: Percent of classified inmates who have had Continuity of Care events

<u>**Results:**</u> Factors Prevented Certification

Data to support the reported data was unavailable. Individual responsible for reporting the measure left County employment. No written procedures exist to ensure accuracy and reliability of measure.

Measure # 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Annual
Reported	**24.1 %**	**24 %**	**20.6 %**	**19.1 %**	**22 %**
Actual	**UNKNOWN**	**UNKNOWN**	**UNKNOWN**	**UNKNOWN**	**UNKNOWN**

Key Measure #5: Percent of inmates receiving ordered medications to minimize patients' adverse health consequences

<u>**Results:**</u> Factors Prevented Certification

Data to support the reported data was unavailable. Individual responsible for reporting the measure left County employment. No written procedures exist to ensure accuracy and reliability of measure.

Measure # 5	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Annual
Reported	**100%**	**100%**	**100%**	**100%**	**100%**
Actual	**UNKNOWN**	**UNKNOWN**	**UNKNOWN**	**UNKNOWN**	**UNKNOWN**

Source data was unavailable for three of the five reviewed measures. Source data for two of the reported measures led to different results. The reported measures are not reliable and management decisions based upon them may be inappropriate, especially where NCCHC standards may be involved.

Recommendation

CHS should:

    A. Develop written procedures for the collection, calculation, and reporting of all key performance measures.

    B. Develop appropriate controls for review, verification, and sign-off of reported key measures.

Issue 4 General Technology Controls

Summary

CHS Information Technology (IT) controls over the Correctional Instructional Pharmacy System (CIPS) application appear to be adequate overall. However, some specific controls do not fully protect the system and data from unauthorized changes or destruction. These areas include system level passwords, formal procedures for establishing and removing user accounts, and the development of a formal Business Continuity Plan. CHS should strengthen controls over these IT areas.

Best Practices

IT best practices recommend that:

- Written policies and procedures exist to ensure consistent operation of key information services activities and to facilitate training of new employees

- Strong controls should be enforced to ensure passwords are not compromised when they are used as the primary means of authenticating user access

- A Business Continuity Plan exists to ensure that essential business functions are able to continue in the event of unforeseen circumstances

IT Policies and Procedures

While it appears that user access to the CIPS application is restricted on a need-to-know basis, CHS has not developed formal procedures for establishing and removing user system access. Inadequate user access controls diminish the reliability of data and increase the risk of destruction or inappropriate disclosure of data. Formal procedures are vital to ensure consistent operations and to effectively facilitate new staff training.

Weak Password Controls

Due to application limitations, CIPS accounts have no password expiration and/or users are not forced to change their password. Additionally, password structure has not been established to require mixed alpha and numeric characters, and there are no password re-use policies. This increases the risk that user passwords will be compromised, resulting in unauthorized access to the system.

Disaster Recovery & Business Continuity Plans

Although E-Government handles all aspects of the CHS main business system, which includes the establishment and maintenance of the disaster recovery plan, CHS has not developed a formal Business Continuity Plan to ensure the accurate and timely distribution of medication in the event of a disaster or other interruption. CHS does not have assurance it can recover its systems timely in the event of an extended outage or disaster.

Recommendation

CHS should:

    A. Develop formal policies and procedures for establishing and removing user accounts.

    B. Strengthen password controls to address consistent password expiration requirements, require use of both alpha and numeric characters in passwords, and disallow the re-use of passwords.

    C. Develop a formal Business Continuity Plan, test the plan periodically, and update the plan as needed to ensure inmates receive proper and timely medications if systems are not functioning.

Department Response

Issue # 1: Contract Administration
Excessive use of manual time system entries has lead to some over-billings. CHS should monitor and limit the number of exemption forms that may be completed by Registry staff.

Response: Concur. Monitoring of manual entries/exemption forms was actually instituted 7/1/02, and in January 03, we developed the capability to monitor by individual and that became part of the performance evaluation completed on each Registry. Continued unsatisfactory individual performance regarding excessive use of manual entries often resulted in DNR (Do Not Return) action on the part of that individual. Although this system of tracking took considerable staff time, it was a way to monitor the quality of the training by the Registry on Electronic Sign-in/Sign-out and compliance on the part of the individual. This method of monitoring was discontinued in August 03 as the employee responsible left CHS.

Recommendation A: Continue to investigate and propose ways to retain needed employee staff.

Response: . Concur – CHS is looking at ways to attract and retain nursing staff in an extremely competitive nursing job environment and to reduce the use of registry staff through the use of :
1. Intensive recruitment efforts
2. Continue to pursue efforts to increase nurses salaries to be competitive with the market place
3. Work with Human Resources to increase the benefit package for nursing staff to be competitive with the private sector.
4. Establish an initiative with Maricopa Community Colleges to create a Program to "grow our own nurses" by offering part time employment while in school.

Target Completion Date:
   Interim Steps: 3/1/04
   Final Step (Training Program): Upon hiring of Training Proctors.

Benefits/Costs:
   Improved performance monitoring; Reduction in duplicate/over payments to Registry due to improved accountability of exemption forms.

Recommendation B: Identify ways to reduce the number of manual time entries.

Response: Concur – Many manual entries were due to the fact that the PC's in the Clinics were often down. The Board of Supervisors has approved the replacement of the entire CHS computer system with all new PC's and will migrate our system to the MCSO network as of May 1, 2004. The new PC's should greatly improve on-line time and reduce the number of manual entries.

Additionally, CHS will implement aggressive CHS training program upon the hiring of CHS Training Proctors. In the interim, will continue to identify ways to reduce the number of manual time entries; streamline the administrative steps to insure accuracy and greatly reduce duplicate or overpayments to the Registry; re-initiate individual performance monitoring as Registry report responsibilities have recently been reassigned.

Target Completion Date:
Interim Steps: 3/1/04
Final Step (Training Program): Upon hiring of Training Proctors.

Benefits/Costs: Improved performance monitoring; Reduction in duplicate/over payments to Registry due to improved accountability of exemption forms.

Recommendation C: Review registry payments made during FY 2003 for duplicate payments. Contact Registry vendors and recover overpayments, as appropriate.

Response: Concur- CHS is in the process of a comprehensive review of all Registry Payments made in 2003 and will implement a procedure to do a departmental audit of Registry hours paid to verify all times were paid at the correct contract value and time worked (including OT, Holiday and orientation pay). This is being accomplished by the CHS accountant. Additional staff is required before this project can be completed. Advertisements for a second accountant are in process with an estimated 6-8 week lead time.

Target Completion Date: Jun 1, 2004

Benefits/Costs: The benefit to CHS will be recover any overpayments discovered and to perfect the process of Registry payments so future costs will not reflect any overpayments. Potential dollar savings are unknown at this time.

Issue # 2:
The CHS Pharmacy should strengthen inventory controls over non-controlled substances.

Response: Concur. CHS recognizes the weaknesses in its physical inventory control and is implementing practices that will strengthen the accountability within the system.

Recommendation A: Establish a perpetual inventory system for tracking non-controlled substances at the Pharmacy and clinics, including drugs that are expired, destroyed, and returned to inventory.

Response: CHS pharmacy purchases approximately 90,000 drug units covering 700 line items, dispenses 320,000 prescriptions, and delivers 15,000 unit items to 13 clinics each year while minimizing on-hand inventory by receiving daily orders from suppliers. Establishing a perpetual inventory for a pharmacy of this magnitude is analogous to accounting for all the rubber bands, paper clips, pens, pencils etc., in a business office. To increase security, control, and accountability over its entire inventory, CHS has proposed:

- Implementing the CIPS interface with the drug wholesaler, Cardinal, to order, receive, track, and document drug inventory.
- Enhance CIPS reporting capabilities to account for all dispensed drugs.
- Use CIPS to monitor and maintain pharmacy based inventory.
- Install remote medication storage carts at nursing stations to control and account for all medications at the unit level.
- Lease purchase pharmacy automated packaging system to include the ability to bar code individual prescriptions. This bar code will allow tracking of pharmaceuticals throughout the jail facilities.

Target Completion Date: October 01, 2004

Benefits/Costs: Enhanced control of pharmaceuticals. Costs will depend on vendor selection and maintenance charges. Non-offset charges are estimated at $400,000 annually.

Recommendation B: Consider implementing the inventory-tracking module within the current CIPS system or other similar inventory tracking system.

Response: Concur. See response to Recommendation A.

Target Completion Date: October 01, 2004

Benefits/Costs: Enhanced control of pharmaceuticals. Costs will depend on vendor selection and maintenance charges. Non-offset charges are estimated at $400,000 annually and are inclusive of Recommendations A, B, and C.

Recommendation C: Consider alternatives to packaging seven-day drug supplies to reduce the number of drugs that need to be destroyed or returned to inventory.

Response: Concur. The distribution of medications in a jail that has a high rate of detainee turnover is a timely procedure with the amount (days supply) of medication distributed to each detainee inversely proportional to the resources CHS has to package and distribute the medications. CHS has proposed a new medication administration process that incorporates a more efficient packaging system that will allow CHS staff to pass medications to inmates in a little as a daily supply of medications. It is anticipated that this procedure will reduce the number of returned (non-distributed) medications, reduce the total amount of medications given to inmates (those that leave with a supply of unused drug), reduce lost medications, and reduce the need to reissue medications.

Target Completion Date: October 01, 2004

Benefits/Costs: Enhanced control of pharmaceuticals. Costs will depend on vendor selection and maintenance charges. Non-offset charges are estimated at $400,000 annually and are inclusive of Recommendations A, B, and C.

Issue # 3:
**The five key CHS performance measures tested received ratings less than
satisfactory. Data was unavailable for review for three measures, and two measures
were reported inaccurately.**

Response: Concur.

Recommendation A: Develop written procedures for the collection, calculation, and
reporting of all key performance measures.

Response: Currently this data is now tracked through Managing for Results (MfR) data
starting with November 2003. In coordination with OMB our MfR Plan was completely
rewritten during the period Sep-Dec 2003, and new PAS and Performance Measures
created. A large majority of this data is tracked manually. Additionally, the employee
who was responsible for tracking and reporting this data left County service in August,
and the new person responsible for tracking this data not brought on until October 2003.
Written Procedures are now in draft form and will be added to the CHS
Administrative Policies when reviewed and approved. Estimated time frame for
finalization is two weeks.

Target Completion Date: Currently completing on a monthly basis and will be reported
quarterly, starting with 4th quarter (July 1$^{st)}$, FY 2004. Procedures will be finalized and
distributed by February 1, 2004.

Benefits/Costs: Allows CHS to track required data for NCCHC accreditation, as well as
MfR Strategic Plan.

Recommendation B: Develop appropriate controls for review, verification, and sign-off
of reported key measures.

Response: Concur. Before inputing data to the quarterly MfR report, the Associate
Director currently reviews and verifies data. The Associate Director's will sign-off on the
data if questions do not arise.

Target Completion Date: Currently completing will be reported on a quarterly basis,
starting with quarter 4, FY 2004.

Benefits/Costs: Response: Concur.

Issue # 4:
Specific controls over the Correctional Instructional Pharmacy System (CIPS) application do not fully protect the system and data from unauthorized changes or destruction.

Response: Concur. In the move to the MCSO secure network as of May 1, 2004, CHS will be complying with all of the more stringent requirements of the MCSO "secure" network. CHS IT is currently working with MCSO networking personnel to establish the protocols for working in the MCSO net. CIPS will be on the new "secure" file servers.

Recommendation A: Develop formal policies and procedures for establishing and removing user accounts.

Response: CHS will develop effective procedures for establishing and removing user accounts. One person will be primarily responsible for this procedure and the procedure will be performed promptly and regularly. User security levels will be reviewed and reduced so that this function is limited to only two users. CHS will also write formal policies regarding the establishing and removing of CIPS users.

Target Completion Date: 6/15/2004

Benefits/Costs: CHS will have up-to-date information on the employees who are users of the CIPS application. Implementing and following these policies and procedures will protect CHS's critical Pharmacy data from unauthorized users that try to enter the application and users that enter unauthorized areas.

Recommendation B: Strengthen password controls to address consistent password expiration requirements, require use of both alpha and numeric characters in passwords, and disallow the re-use of passwords.

Response: In 2004, CHS's Information Technology Support will transfer from the County's E-Gov Technology Group to the Sheriff's Office Information Technology Group. The Sheriff's Information Technology Group will require CHS to have password expiration requirements, alpha and numeric characters in passwords and will disallow the re-use of passwords. CHS will work with KALOS, Inc. to ensure that these password controls are in place in the CIPS Application or Policies will incorporate a Procedure to ensure recommended requirements are met.

Target Completion Date: 4/15/2004

Benefits/Costs: Tighter password controls will help restrict unauthorized access to the application.

Recommendation C: Develop a formal Business Continuity Plan, test the plan periodically, and update the plan as needed to insure inmates receive proper and timely medications if systems are not functioning.

Response: CHS has proposed a Business Continuity Plans for its mission critical applications. Redundant and Offsite Servers have been proposed. CHS will work with the Sheriff Office's Information Technology Group to develop a Disaster Recovery Plan that follows the Sheriff Office's Policies and Procedures and insures that inmates will still receive proper and timely medication if CHS's systems are not functioning.

The CHS administration team will also work with its Pharmacy Management team to develop a formal Business Continuity Plan that can manually track inmate medications in the event of a disaster. The plan will include periodic testing and will be updated as needed.
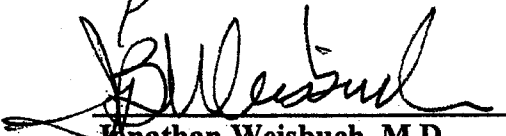
Target Completion Date: 10/31/2004

Benefits/Costs: Developing a formal Business Continuity Plan for CHS's CIPS Pharmacy Application will insure that its Pharmary will continue to provide proper and timely medications to its inmates in the event of a disaster.

Approved By:

_____ 1/8/04
Joseph Scalzo, D.D.S., Director   Date
Correctional Health Services

_____ 1/15/04
Jonathan Weisbuch, M.D.,   Date
Chief Medical Officer

_____ 1/15/04
David Smith   Date
County Administrative Officer